

Mrs. Bushnell 41

Resold

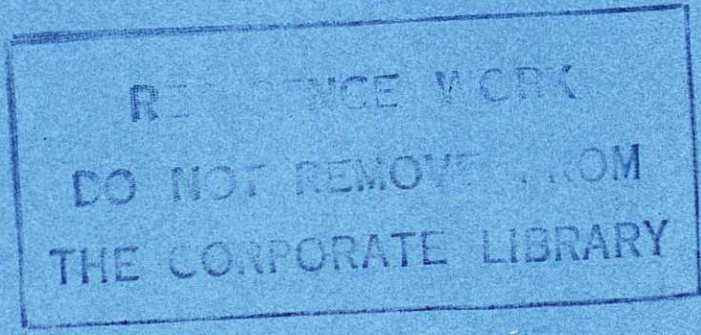


Report and Accounts

FOR THE YEAR ENDED

31st MARCH

1964



BOOTS PURE DRUG COMPANY LIMITED

BOOTS PURE DRUG COMPANY LIMITED

**Notice of Annual Ordinary
General Meeting**

NOTICE IS HEREBY GIVEN that the ANNUAL ORDINARY GENERAL MEETING of Boots Pure Drug Company Limited will be held at Boots Works Canteen, Beeston, on Thursday, the 16th day of July, 1964, at 12 o'clock noon.

The business of the meeting will be:

- (a) To receive the Directors' Report and Statement of Accounts and the Auditors' Report thereon.
- (b) To declare a Dividend.
- (c) To elect Directors
- (d) To fix the remuneration of the Auditors.
- (e) To transact any other business which may be dealt with at the Annual General Meeting.

Any member entitled to attend and vote at the above mentioned meeting is entitled to appoint one or more proxies (who need not be members) to attend and vote in his stead.

Dated this 18th day of June, 1964.

By Order of the Board,

H. T. MILNES,

Secretary.

Only the holders of 7% 'A' Preference shares or Ordinary shares, or their Proxies, are entitled to attend the Meeting.

BOOTS PURE DRUG COMPANY LIMITED

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of Boots Pure Drug Company Limited will be held at Boots Works Canteen, Beeston, on Thursday the 16th day of July, 1964 at 12.15 o'clock in the afternoon or so soon thereafter as the Annual General Meeting of the Company shall have been concluded for the purpose of considering and, if thought fit, passing the following Resolutions which will be proposed as Ordinary Resolutions:

RESOLUTIONS

1. THAT the authorised Share Capital of the Company be increased from £40,000,000 to £50,000,000 by the creation of 40,000,000 additional Ordinary Shares of 5/- each.
2. THAT it is desirable in pursuance of Article 132 of the Articles of Association of the Company to capitalise the sum of £12,800,000 out of the amount standing to the credit of the reserves of the Company and that such sum be capitalised accordingly and be applied in paying up in full at par 51,200,000 Ordinary Shares of 5/- each in the capital of the Company and that such Shares so paid up be distributed amongst those persons who shall be registered at the close of business on the 16th July, 1964 as holders of the issued Ordinary Shares of the Company rateably according to their respective holdings in the proportion of one new Ordinary Share for every two Ordinary Shares held by them respectively at the close of business on the said 16th day of July, 1964 and that the Directors be authorised and directed to apply the said £12,800,000 and to issue the said 51,200,000 Ordinary Shares accordingly upon terms that such new Ordinary Shares shall rank for any dividends hereafter declared and paid on the Ordinary Shares and in all other respects pari passu with the existing issued Ordinary Shares. Provided that any new Ordinary Shares which would fall to be distributed in fractions shall be allotted in the joint names of the Chairman and the Secretary of the Company on behalf of the several Shareholders entitled thereto upon trust to sell the same and to distribute the net proceeds of sale amongst such Shareholders respectively.

DATED this 18th day of June, 1964.

BY ORDER OF THE BOARD,

H. T. Milnes,

Secretary.

Registered Office:

STATION STREET,
NOTTINGHAM.

Note: Any Member entitled to attend and vote at the above Meeting may appoint one or more Proxies to attend and vote instead of him. A Proxy need not be a Member of the Company.

If the Resolution is duly passed at the Extraordinary General Meeting, renounceable share certificates will be posted to the Ordinary Shareholders on the 28th August 1964. Application will be made to the Council of The Stock Exchange, London, for permission to deal in and for quotation for the new shares. Subject to such permission being granted, dealings in the new shares will commence on the 31st July 1964 for a deferred settlement on the 1st September 1964.

BOOTS PURE DRUG COMPANY LIMITED

Directors and Officers

Chairman W. R. NORMAN.
Managing Director F. A. COCKFIELD.
Deputy Managing Director K. D. WILLIAMSON.

THE RT. HON. LORD COLERAINE, P.C.

R. C. M. DICKSON, M.P.S.

K. H. HARPER, M.P.S.

G. I. HOBDAY.

SIR JAMES PITMAN, K.B.E., M.P.

Secretary H. T. MILNES.

Registered Office 37 STATION STREET, NOTTINGHAM.

Bankers NATIONAL PROVINCIAL BANK LTD.

Auditors PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants, Birmingham

BOOTS PURE DRUG COMPANY LIMITED

Report of the Directors

The Directors submit their Seventy-sixth Annual Report to the Shareholders, together with the Audited Accounts for the year ended 31st March, 1964.

The Consolidated Profit and Loss Account shows the earnings of the Group which amount before tax to £11,597,199 compared with £9,645,007 for the previous year and after tax amount to £5,445,711 as against £4,601,459. The Net Profits of Boots Pure Drug Company Limited amount to £4,483,619 compared with £3,819,634.

The Directors recommend the payment of a Final Dividend of 11%, less tax, to Ordinary Shareholders on the register on 15th June, 1964. This together with the Interim Dividend already paid makes a total of 15%, less tax, for the year.

The details of Dividends paid and recommended, together with Appropriations made by the Directors, are shown in the Profit and Loss and Appropriation Account.

Sir James Pitman, K.B.E., M.P., retires by rotation and offers himself for re-election. The Rt. Hon. The Earl of Selborne, P.C., C.H., retired from the Board, of which he has been a member for 31 years, on 31st March 1964, and the Directors wish to place on record their appreciation of his services to the Company during his long period of office.

The Auditors, Messrs. Peat, Marwick, Mitchell & Co., have intimated their willingness to continue in office and a resolution as to their remuneration will be proposed.

The Directors gratefully acknowledge the vital part played by the staff in bringing about these results.

By Order of the Board

H. T. MILNES, Secretary

18th June, 1964

BOOTS PURE DRUG COMPANY LIMITED

Statement by the Chairman

MR. WILLOUGHBY R. NORMAN

Sales

As forecast in my statement last year, retail trade for the year ended March 31st 1964 was much more buoyant than the previous one, and this together with other factors enables me to lay before you some satisfactory trading results.

World sales exceeded £119 million, an increase of 7%. Home retail sales also reached a record figure of £109 million. This latter is an increase of 7½% which might be viewed against the Board of Trade figure of 4½% for retail trade over the same period. While we were helped by the improvement in the national economy, the result reflects great credit on our staff generally. The number of customers served was also a record, as was the average sale per customer. Sales were particularly good in many branches in areas where unemployment has been above average, showing once again that where incomes have to go far our policy of providing value for money is fully recognised by the public.

The 75th Anniversary Sales Event in May was a great success and our customers were quick to respond to the special offers. The Christmas business once again established a new record and our Gift Departments did well. The comparatively mild winter was not entirely favourable to chemist business but nevertheless sales continued at a high level right to the end of our year helped by an early Easter.

I will be referring specifically to dispensing and wholesale sales, and sales by overseas companies further on in this report.

Profits and Dividends

The profit for the group before tax is £11,597,199, which is an increase of £1,952,192 or 20%. After tax, which is slightly higher due to technical factors, the profit comes out at £5,445,711, an increase of £844,252 or 18%, and the Directors are recommending a final dividend of 11% making a total for the year of 15%, as against a total of 13% previously.

The revenue reserves will rise by over £2,700,000 bringing them up to a total of £20,487,315. All of this undistributed profit belongs to shareholders, and in order to bring the share capital more into line with the money employed in the business your Board further recommends the issue of one fully paid ordinary share for every two held on July 16th, thus capitalising £12,800,000 of these reserves and bringing the issued ordinary share capital up to £38,400,000.

The proposed increase in the issued share capital does not necessarily imply that the Directors intend to recommend a distribution of any large amounts by way of dividend in the future, as this will be entirely dependant on the results currently prevailing. As it is prudent to have some latitude between the authorised and issued share capital it is further proposed to call an Extraordinary General Meeting to approve the increase in the authorised capital to £50 million.

Stocks have increased by about £2½ million which is more than the increase in sales warrants, but part of this is due to special year end factors. We are devoting special attention to improving our rate of stock turnover. A second electronic computer is now being installed so that a further series of operations can go over to automatic processing.

Capital expenditure of £6 million is being undertaken during the current year compared with a little over £4.8 million actually spent last year. Shareholders will find further statistical information about company progress over the last 10 years on pages 18 and 19.

Dispensing

We have during the year dispensed well over 35 million prescriptions mostly under the National Health Service. This represents about 15% of the total dispensing in the country and our branch managers, all of whom are pharmacists, together with our dispensers all over the country are much to be congratulated.

The negotiations with the Ministry of Health regarding the chemist's remuneration for dispensing have now reached an advanced stage and we hope will soon be brought to a satisfactory conclusion.

Resale Price Maintenance

As one of the companies affected by the abolition of R.P.M. you will no doubt expect to hear from me on this contentious subject. We have repeatedly said that we do not regard the end of resale price maintenance in the chemist field, and particularly in the case of medicines, as being in the public interest. But there is no longer any point in repeating the many and powerful arguments against its abolition now that the Resale Prices Bill has been enacted, and it only remains for us to live with the situation that has been created. Only time will show how effective the amendments recently introduced into the Bill will be. Over a period of years we have taken measures to reduce our costs of

operations to enable us to meet the stiffer competition which will emerge, and this is illustrated by the fact that with fewer staff we have in the past year achieved a 7½% increase in retail sales. We have also stepped up our modernisation programme to ensure that our shops are more attractive to our customers and are more efficient to operate. Finally, we have a great safeguard in our own extensive manufacturing facilities which enable us to offer a wide range of articles of first-class quality at very competitive prices, and we intend to see that the Boots brand with this message of quality and value is increasingly before the public eye.

On the somewhat related subject of Stamp Trading, we are opposed to it and are strong supporters of the Distributive Trades Alliance whose aim is to enlighten the public on this subject. Stamps do not generate trade, they temporarily vary the channels of it. The customer pays for the stamps in the end and nobody obtains any permanent advantage except the Stamp Company.

Quality Control

Our Medical, Research and Standards Department have a very important responsibility to safeguard the interests of the public and the good name of the company. The safety of drugs and the allied question of the use of chemicals in agriculture are much in the public mind at the present time. As is known there are moves towards stricter Government control over new and existing medical and agricultural products, and we welcome the principle of the Government taking more responsibility in this field. We believe that the Dunlop Committee concerned with medical products, and similar procedures concerning plant protection products and veterinary materials, are performing a vital public service and we shall give them our full support.

It is right and proper that everything possible should be done to protect man, animals and wild life generally, and the company is spending increasingly large sums of money on scientific investigations to establish the safety of new compounds which might form the basis of new company products. But we hope that the Government will base their decisions on scientific evidence and not be over-influenced by emotion aroused by ill-informed or biased argument. This is a difficult field in which to operate commercially, and the emotional reaction to the infrequent and unforeseeable tragedy when it does occur can all too often obscure the tremendous advantages which the pharmaceutical and chemical industries have brought to the practices of medicine and agriculture to the ultimate benefit of all mankind.

In addition to the heavy responsibilities involved in proving products before sale the strictest quality control is maintained over everything we manufacture. We are satisfied that the control we already exercise is sufficiently thorough to meet the demands of any new legislation and that this control, although a considerable financial burden, is necessary. We hope that the Government in their turn will ensure that imported products satisfy the same exacting standards.

Quality control is the responsibility of our Standards Department. Its laboratories employ 320 experienced technical staff including a high proportion of university graduates. The number of substances and preparations, excluding packaging materials, on the files of the department is just over 10,000 and nearly 200,000 samples are examined each year. Specialised methods are used and chemical, physical, micro-biological and bio-assay techniques are employed. Such an elaborate control organisation must of necessity be expensive and we spend nearly £400,000 a year on its operation.

Coupled with this control at the manufacturing end, a close watch is kept on retail stocks to ensure that any products which have reached the end of their shelf life as determined by the Standards Department are promptly withdrawn, and in this way merchandise in the shops is kept in prime condition.

Whatever happens to the general level of prices or margins customers may rest assured that our quality standards will never be debased.

Research and Development

The company's substantial research force has made promising advances in a number of the fields covered by its programme. This work grows ever more difficult as the criteria of acceptability of new products become higher. Two major products, one medical and one agricultural, which we had expected to market this year have in the final stages of their extensive trials shown unexpected defects. Although in both projects there are other materials of promise, the set-back will undoubtedly delay the commercial return which we expect to get from the research money invested in them. This situation illustrates very clearly how our industry can only pay for its research if it is allowed a rate of profit which not only enables it to pay for the research work on the successful new products, but also covers the work on the much greater number of discarded substances which lie behind them.

Among the new medical developments which are proving very successful I might mention our diuretic, Aprinox, and our anti-amœbic preparation, Furamide. A non-barbiturate hypnotic, Melsedin, which has been tested most rigorously and is free from teratogenic hazard should also do well.

Our record of new products on the agricultural side has been maintained with the success of Cornox RK; this product and our earlier discovery, Iso-Cornox, together with the rest of the Cornox range now account for a large share of the U.K. selective weedkiller market for cereals. Another discovery, Allisan, has proved to be of outstanding value for control of a wide variety of fungal infections.

On the animal husbandry side we have been working for some time on alternative sheep dip formulations to replace those based on Dieldrin and Aldrin which will no longer be permitted after 1965, and we confidently expect new and effective products to market in their place. In the ethical veterinary field we have a new tranquilliser and anæsthetic, Acetylpromazine. The new experimental facilities for work on animal food additives and growth promoters have enabled us to improve our range of these products.

Shop Developments

The modernisation programme is making a significant contribution to increased sales, and managers and staff are very much alive to the opportunities offered by the increased selling space, better presentation of merchandise, brighter lighting, and gayer colours in the rebuilt or modernised branches.

In contrast to the early months of 1963, the milder weather this year has enabled us to make better progress. A particular feature of the rebuilding programme has been the operation to refit the sales areas of a large number of smaller branches—an operation named 'Quickfit'. The work involved has been carried out mainly by outside contractors, each shop being equipped with new front, new lighting, and new sales fittings within a period of two or three weeks. Largely as a result of 'Quickfit' we are able to report a total of 123 shops that have been brought up to date within the year, compared with 67 last year. There are new shops at Farnborough, Fleet, Wythenshawe, Perry Barr, Euston Road and Victoria Street, London.

Whilst the majority of these shops are of medium size, larger projects are well under way and we expect completion of our enlarged stores at Cardiff and Plymouth, and our new store at Luton by the autumn. Other major projects of interest are taking place at Wolverhampton, Maidstone, York and Sheffield, whilst the refitting of our big shop in Regent Street, London, will have been completed in just over four months. There was no alternative to closing it completely for this period but it will be open again in its new form by the time this report is in your hands. It is the only large, modern shop we have in Central London, and I hope that all shareholders who are not familiar with our big shops elsewhere will visit it to see the great range of merchandise these shops now carry.

Within an anticipated retail capital expenditure this year of £4 million we expect a further increase in completed modernisations during the current year. If all goes according to plan this will mean that by the end of our current financial year, March 31st 1965, we will have modernised or started work upon 782 shops in all out of a total of 1,284 since this programme originally started.

International Division

There has been an increase of over 9% in our exports during the year in spite of a sharp reduction, because of tightened import controls, in sales to our companies in India and Pakistan. Exports of pharmaceutical, agricultural and veterinary products to outside customers have also made good progress.

During the year we formed a joint company with our Italian agents and we feel that this new venture Boots-Formenti S.p.A. of Milan will strengthen our marketing position in what has been for some time a growing market for our products. In Trinidad we have opened a branch office which gives us a useful foothold in the Caribbean market.

Our wholly owned overseas subsidiary companies achieved new records in sales and profits, and we have a small new company in Nigeria. We are planning a major extension to our manufacturing facilities in Australia, which we have now outgrown, and we have purchased a new site for this purpose near Sydney. Progress in the Indian insulin plant is still delayed with difficulties over imports of essential items of plant but production is expected by July.

On behalf of the parent company I would like to thank the staff of all our companies overseas, and our agents in all parts of the world for their efforts during the year.

Home Wholesale Business

An important feature of our home wholesale business consists of contract manufacture for other companies. Because of its nature this business tends to fluctuate considerably and last year we faced a decline in this section of our turnover. This set-back has been offset in part by increased home sales of bulk chemicals and medical specialities. With our wide and varied manufacturing experience we are well placed to offer facilities to other companies who want the advantages of having their products manufactured for them.

There has been a marked improvement once again in the sales of Boots branded medical specialities to the chemist trade for dispensing purposes although there have been substantial price reductions in several products. Another encouraging feature of the year's trading has been the increased sales of our products direct to hospitals, particularly as price competition in this field is very keen.

Conclusion

All our staff at every level have done an excellent job of work throughout the year, and on behalf of the Board and shareholders I would like to thank them sincerely. Each unit in the Profit Earning Scheme for our staff works out at 39/- compared with 34/3 last year, and this is a recognition of the success of their efforts. Profit sharing is not only a just but also an essential feature of industry today.

The Executive Committee, led by the Managing Director, plays as always a leading part in our affairs, and its members are much to be congratulated on the successful results achieved.

On March 31st 1964, the end of the financial year, the Earl of Selborne retired from the Board after some 31 years, during which time his experience and advice were of the greatest benefit to the company. I would like also to pay a particular tribute to the help which he has given personally to me and my two predecessors, which tribute I am sure they would equally acknowledge. We take leave of him with great regret, and our thanks and best wishes will follow him always.

The group has made much solid progress during the past year, and we are increasingly seeing the benefit of our capital expenditure over the years. Much, however, still remains to be completed on our development programmes, and there will be further opportunities for increasing operating efficiency and reducing costs.

Retail sales are continuing at a high level. The outlook for the current year will be complicated by the uncertainties of politics and the first effects of the abolition of resale price maintenance, but subject to these factors, the importance of which on your company's trade it is impossible to assess with any accuracy, your Board takes an optimistic view of future prospects.

Quality control
sampling of
finished goods
from the
production line.



Consolidated Profit and Loss and Appropriation Account

FOR THE YEAR ENDED 31st MARCH 1964

(Incorporating the results of the United Kingdom Subsidiaries for the year ended 31st March, 1964 and of the Overseas Subsidiaries for the year ended 31st December, 1963)

1963			1964	
£	£		£	£
10,540,991		PROFITS of Boots Pure Drug Company Limited and of its Subsidiaries before charging Profit Earning Bonus for Staff ..		12,674,534
<u>895,984</u>		<i>Deduct</i> Profit Earning Bonus for Staff		<u>1,077,335</u>
9,645,007		CONSOLIDATED PROFITS BEFORE TAX		11,597,199
		<i>Deduct</i> Provision for Tax on Profits of the year—		
	220,380	Overseas Tax	227,562	
	1,358,116	United Kingdom Profits Tax	1,649,000	
	<u>3,449,355</u>	United Kingdom Income Tax	<u>4,178,547</u>	
	5,027,851		6,055,109	
	15,697	<i>Add</i> Deferred Tax provided	<u>96,379</u>	
<u>5,043,548</u>				<u>6,151,488</u>
		NET PROFITS OF THE GROUP:		
	781,825	Profits retained by Subsidiaries	962,092	
	<u>3,819,634</u>	Profits of Boots Pure Drug Company Limited	<u>4,483,619</u>	
<u>4,601,459</u>				<u>5,445,711</u>
		DEALT WITH AS FOLLOWS:		
		Dividends (<i>less</i> tax) for the year—		
	59,259	On Preference and Preferred Ordinary Shares (already paid) ..	59,259	
		On Ordinary Shares—		
	627,200	Interim of 4% (already paid)	627,200	
	<u>1,411,200</u>	Final Dividend proposed of 11% making a total of 15% ..	<u>1,724,800</u>	
2,097,659				<u>2,411,259</u>
		Profits retained in the Group and included in Revenue Reserves—		
	781,825	Subsidiaries	962,092	
	<u>1,721,975</u>	Boots Pure Drug Company Limited	<u>2,072,360</u>	
2,503,800				<u>3,034,452</u>
<u>£4,601,459</u>				<u>£5,445,711</u>

The notes on pages 16 and 17 form part of the Accounts

1963		SHAREHOLDERS' FUNDS AND LIABILITIES		1964	
£	£			£	£
	1,400,000	Issued and Fully Paid Capital of Boots Pure Drug Company Limited:			
	25,600,000	Preference and Preferred Ordinary Shares		1,400,000	
27,000,000	<u>26,000,000</u>	Ordinary Shares		<u>25,600,000</u>	27,000,000
		Capital Reserves			2,156,533
2,073,089		Revenue Reserves			20,487,315
					<u>49,643,848</u>
17,783,649					
<u>46,856,738</u>		6% Loan Stock 1978-83			2,065,866
		Provisions:			
	1,020,000	Pensions		1,020,000	
	3,526,000	Income Tax (Schedule D) for the Fiscal Year to 5th April, 1965		4,269,000	
	708,479	Deferred Tax in respect of Capital Expenditure		<u>1,132,670</u>	6,421,670
5,254,479	<u>708,479</u>	Current Liabilities:			
		Trade Creditors, Apportionments and Tax		13,529,285	
	11,989,663	Amount due to Bankers		105,614	
	128,250	Final Dividend on Boots Pure Drug Company Limited Ordinary Shares		<u>1,724,800</u>	15,359,699
13,529,113	<u>1,411,200</u>				
<u>£67,706,196</u>					<u>£73,491,083</u>

BALANCE SHEET

(United Kingdom Companies as at 31st March, 1964.
Overseas Subsidiaries as at 31st December, 1963)

1963		ASSETS		1964	
£	£			£	£
		Fixed Assets:			
		Properties as independently valued at 31st March, 1958, or at Cost:			
	25,041,496	Freeholds	26,286,759		
	8,103,074	Leaseholds	8,625,197		
	22,535,899	Fittings and Plant at Cost	24,758,688		
55,680,469	<hr/>		<hr/>	59,670,644	
		<i>Less Provision for Depreciation and Amortisation:</i>			
	2,410,261	Freeholds	2,946,628		
	2,184,777	Leaseholds	2,319,585		
	11,071,810	Fittings and Plant	12,050,268		
15,666,848	<hr/>		<hr/>	17,316,481	
40,013,621				<hr/>	42,354,163
		Investments:			
	9,429	Trade Investments at Cost, less amounts written off ..		11,078	
		Differences arising on consolidation through accounting years of Holding Company and Overseas Subsidiaries not ending on the same date			70,294
21,907					
		Current Assets:			
	19,382,265	Stock-in-Trade	21,959,902		
	5,071,889	Trade Debtors and Apportionments, less provision ..	5,450,962		
	—	Tax Reserve Certificates	1,000,000		
	3,207,085	Cash at Bankers and in hand	2,644,684		
27,661,239	<hr/>		<hr/>	31,055,548	
		W. R. NORMAN	|	Directors	
		F. A. COCKFIELD	|		
<hr/>	£67,706,196			<hr/>	£73,491,083

The notes on pages 16 and 17 form part of the Accounts

1963		SHAREHOLDERS' FUNDS AND LIABILITIES		1964	
£	£			£	£
	1,400,000	Capital Authorised:			
	38,600,000	Preference and Preferred Ordinary Shares		1,400,000	
40,000,000	<u> </u>	Ordinary Shares of 5/- each		38,600,000	40,000,000
				<u> </u>	<u> </u>
		Capital Issued and Fully Paid:			
	10,000	A Preference Shares, £1 each 7%		10,000	
	25,000	B Preference Shares, £100 each 6%		25,000	
	100,000	C Preference Shares, £1 each 6%		100,000	
	120,000	A Preferred Ordinary Shares, £1 each 7%		120,000	
	245,000	B Preferred Ordinary Shares, £1 each 7%		245,000	
	400,000	C Preferred Ordinary Shares, £1 each 7%		400,000	
	500,000	D Preferred Ordinary Shares, £1 each 7%		500,000	
	25,600,000	Ordinary Shares, 5/- each		25,600,000	
27,000,000	<u> </u>			<u> </u>	27,000,000
		Capital Reserve			749,823
747,394					
		Revenue Reserve			12,081,721
10,321,716					<u> </u>
38,069,110					39,831,544
		6% Loan Stock 1978-83			2,065,866
2,065,866					
		Provisions:			
	600,000	Pensions		600,000	
	3,100,000	Income Tax (Schedule D) for the Fiscal Year to 5th April, 1965		3,694,000	
	369,251	Deferred Tax in respect of Capital Expenditure		664,714	
4,069,251	<u> </u>			<u> </u>	4,958,714
		Current Liabilities:			
	9,823,588	Trade Creditors, Apportionments and Tax		11,064,823	
	5,200	Amounts due to Subsidiaries		5,600	
	1,411,200	Final Dividend recommended on Ordinary Shares		1,724,800	
11,239,988	<u> </u>			<u> </u>	12,795,223
<u>£55,444,215</u>					<u>£59,651,347</u>

1963	
£	£
	14,112,821
	1,224,301
	11,799,063
27,136,185	
	1,564,567
	255,852
	7,231,884
9,052,303	
18,083,882	
£55,444,215	

ASSETS		1964	
		£	£
Fixed Assets:			
Properties as independently valued at 31st March, 1958, or at Cost:			
Freeholds		14,518,085	
Leaseholds		1,226,581	
Fittings and Plant at Cost		12,513,638	
			28,258,304
 <i>Less Provision for Depreciation and Amortisation:</i>			
Freeholds		1,891,491	
Leaseholds		280,349	
Fittings and Plant		7,832,966	
			10,004,806
			18,253,498
 Investments:			
Subsidiaries:			
Ordinary Shares at par, less provision		10,512,580	
Loans, less provision		917,019	
Trade Investments at Cost, less amounts written off		50	
			11,429,649
 Current Assets:			
Amounts due by Subsidiaries		14,202,310	
Stock-in-Trade		9,114,287	
Trade Debtors and Apportionments, less provision		3,606,344	
Tax Reserve Certificates		1,000,000	
Cash at Bankers and in hand		2,045,259	
			29,968,200
W. R. NORMAN F. A. COCKFIELD		Directors	
			£59,651,347

The notes on pages 16 and 17 form part of the Accounts

NOTES ON THE ACCOUNTS

These notes form part of the Accounts

1. (a) The Group Profits have been arrived at after taking credit for Income from Trade Investments £968 (£1,167) and after charging the following expenses:

1963			1964	
£	£		£	£
	712,613	Depreciation of Properties	759,623	
	1,281,526	Depreciation of Fittings and Plant	1,480,410	
1,994,139	<u> </u>		<u> </u>	2,240,033
123,952		Loan Stock Interest		123,952
11,569		Remuneration of Auditors		12,044
		Companies' Payments to Pension Funds:		
732,034		Ordinary Contributions		767,950
111,904		Annual Payments for past service		113,672

- (b) The emoluments of the Directors of Boots Pure Drug Company Limited from all members of the Group are comprised of:

10,500	Directors' Fees	10,500
191,702	Other emoluments, including participation in profits..	212,164
1,000	Pension paid to a past Director	1,000
<u>£203,202</u>		<u>£223,664</u>

2. Investment Allowances have reduced the Tax charge by £469,000 (last year £368,000).
3. Outstanding contracts in respect of capital expenditure are estimated at £430,000 for Boots Pure Drug Company Limited and £2,237,000 for the Subsidiaries, making a total of £2,667,000 for the Group.
4. The currency values of the assets and liabilities of the Overseas Subsidiaries have been converted into sterling at the approximate rates of exchange ruling at 31st March, 1964.
5. The accounting periods of the Overseas Subsidiaries have not been synchronised with that of Boots Pure Drug Company Limited as this would delay presentation of the Group's annual accounts.
6. The overdraft of an Overseas Subsidiary amounting to £87,758 at 31st December, 1963, was secured on the stock-in-trade of the Subsidiary.
7. No provision has been made for Taxation liabilities which would arise on the distribution of profits retained by Overseas Subsidiaries.

8. The basis of calculation of Deferred Tax has been changed and the Provision now represents taxation on the excess of Taxation Allowances (other than Investment Allowance) over the comparative depreciation charged against profits.
9. Movements of the Reserves since 31st March, 1963, are as follows:

	Boots Pure Drug Co. Ltd. £	Subsidiaries £	Consolidated £
CAPITAL RESERVES:			
At 31st March, 1963	747,394	1,325,695	2,073,089
<i>Add:</i>			
Surplus on sales of properties	2,429	81,015	83,444
At 31st March, 1964	<u>£749,823</u>	<u>£1,406,710</u>	<u>£2,156,533</u>
REVENUE RESERVES:			
At 31st March, 1963	10,321,716	7,461,933	17,783,649
<i>Add:</i>			
Undistributed profits of the year ended 31st March, 1964	2,072,360	962,092	3,034,452
	<u>12,394,076</u>	<u>8,424,025</u>	<u>20,818,101</u>
<i>Deduct:</i>			
Goodwill written off by Subsidiaries		2,974	2,974
Transfer to Deferred Tax Provision	312,355	15,457	327,812
At 31st March, 1964	<u>£12,081,721</u>	<u>£8,405,594</u>	<u>£20,487,315</u>

REPORT OF THE AUDITORS

TO THE MEMBERS OF BOOTS PURE DRUG COMPANY LIMITED

We have audited the foregoing Balance Sheet and have obtained all the information and explanations which we considered necessary. Proper books of account have been kept and proper returns received from branches and the Balance Sheet is in agreement therewith.

We have examined the annexed Consolidated Balance Sheet and Consolidated Profit and Loss and Appropriation Account. The accounts of certain Overseas Subsidiaries have been audited by other firms.

In our opinion the Balance Sheet and Consolidated Accounts, together with the Notes on the Accounts, comply with the requirements of the Companies Act, 1948, and give respectively a true and fair view of the state of the Company's affairs at 31st March, 1964, and a true and fair view of the state of affairs and of the profit of the Group.

BIRMINGHAM & LONDON,
11th June, 1964.

PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants.

This table expresses in figures the progress made by Boots at home and overseas in the last ten years

The figures of sales represent sales to persons outside the Group: sales by Overseas Subsidiaries are included but sales by the Home Companies to the Overseas Companies are excluded.

To give a true comparison, the profit figures have been adjusted for all years to the basis now employed. No deduction has been made for Loan Stock or for provisions in computing capital employed. Similarly, in arriving at profit as a percentage of capital employed, Loan Stock interest has not been deducted. The figures for 1958 and subsequent years reflect the results of the property revaluation, which revealed a surplus of £13,425,018.

The ordinary capital reflects the scrip issues in the years to 31st March, 1956 (one for one), 1959 (one for four) and 1961 (one for one).

World Sales .. .. .	..	..	..	..	..
Profits before Tax .. .. .	..	..	..	..	..
Profits after Tax .. .. .	..	..	..	..	..
Net Dividends	Preference .. .. .	..	..	..	..
	Ordinary .. .. .	..	..	..	..
Net Undistributed Profits .. .. .	..	..	..	..	..
Depreciation charged (including Freehold Depreciation) .. .. .	..	..	..	..	..
Capital Expenditure (Gross) .. .. .	..	..	..	..	..
Capital Employed .. .. .	..	..	..	..	..
Profits as % of Capital employed .. .. .	..	..	..	..	..
Ordinary Capital .. .. .	..	..	..	..	..
Ordinary Dividends % .. .. .	..	..	..	..	..
Equivalent % allowing for Scrip Issues .. .. .	..	..	..	..	..
Number of Staff in United Kingdom (full time equivalents) .. .. .	..	..	..	..	..
Amount of Profit Earning Bonus .. .. .	..	..	..	..	..
Number of Branches .. .. .	..	..	..	..	..

The Ten Year Record

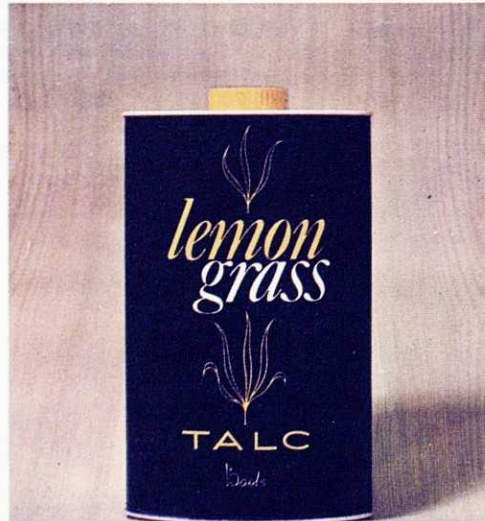
1955	1956	1957	1958	1959	1960	1961	1962	1963	1964
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
30,837	67,848	73,692	80,302	83,858	90,615	99,690	106,624	111,117	119,304
3,909	4,079	4,433	5,057	4,998	7,561	8,826	9,271	9,645	11,597
1,711	1,820	1,841 136*	2,095	2,442	3,826	4,263	4,340	4,601	5,446
53	56	56	56	56	59	59	59	59	59
797	824	942	1,060	1,226	1,646	1,882	1,882	2,088	2,352
843	928	962	968	1,150	2,118	2,322	2,399	2,504	3,035
959	1,014	1,086	1,369	1,468	1,593	1,760	1,839	1,994	2,240
1,697	2,781	2,439	2,454	2,759	3,047	3,410	4,373	5,110	4,842
25,260	26,352	27,819	41,900	42,944	46,220	48,832	51,468	54,177	58,131
16%	15.9%	16.4%	12.4%	11.9%	16.6%	18.3%	18.3%	18%	20.2%
5,120	10,240	10,240	10,240	12,800	12,800	25,600	25,600	25,600	25,600
27.5%	14%	16%	18%	16%	21%	12%	12%	13%	15%
5.5%	5.6%	6.4%	7.2%	8%	10.5%	12%	12%	13%	15%
36,045	37,016	37,154	39,039	39,345	39,344	39,606	40,181	39,936	39,473
222	244	297	415	464	702	820	861	896	1,077
1,313	1,320	1,318	1,310	1,313	1,307	1,305	1,298	1,290	1,284

* Profits attributable to previous years

New Lines introduced in 1963-64 . . .



From the ever increasing range of Boots branded products—some newly developed, some improved and repacked.





Above: The ground floor of Boots at Beeston, Nottm., opened in May, 1963.



Left: Gramophone records at Richmond, Surrey and below, toilet requisites at Clapham, London.



Gift departments in the new Beeston branch.





Above: Boots, Victoria Street, the first completely new branch to be built in Central London since the war. Opened in January 1964 this branch forms part of the Stag Brewery site development.

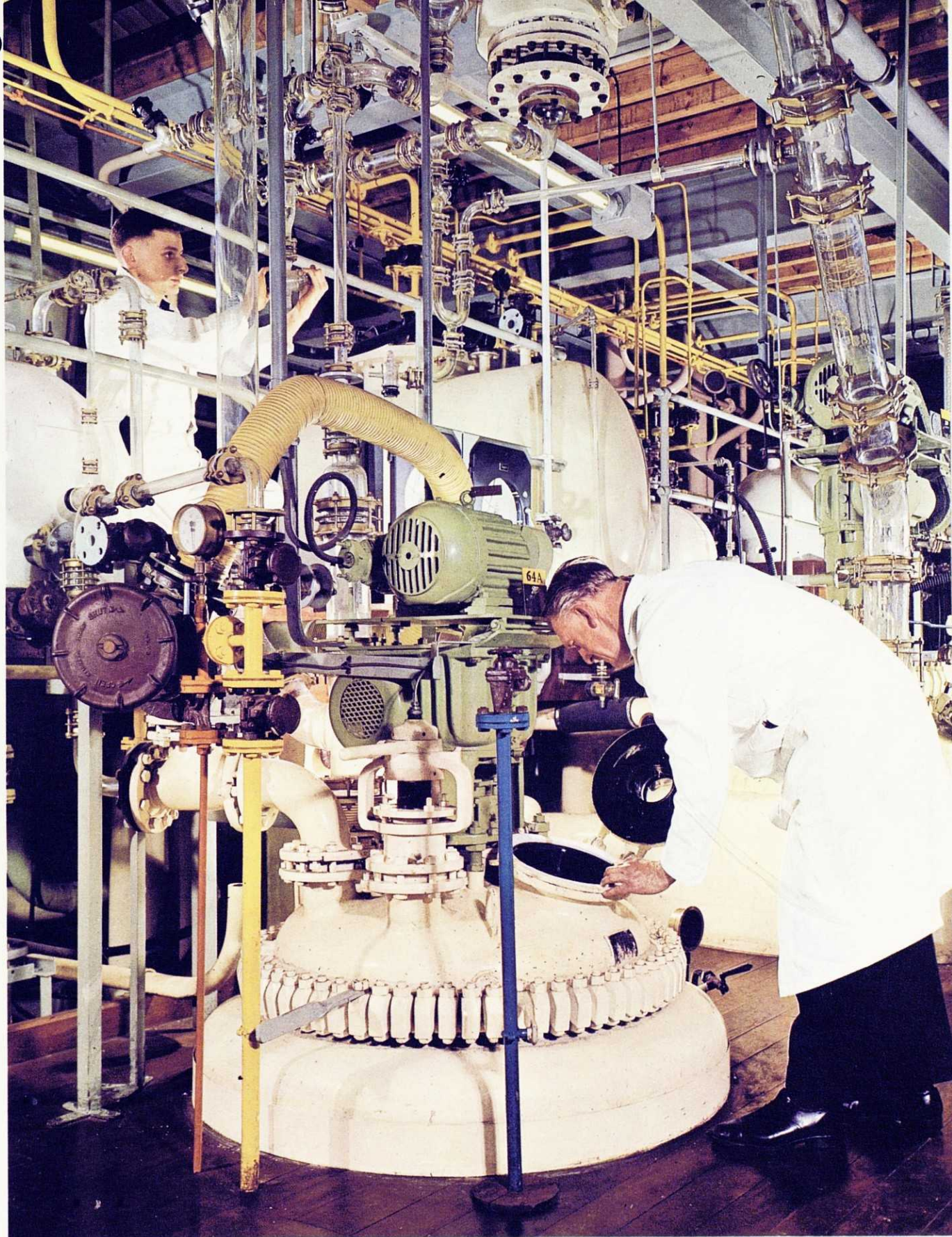


Two new shops which have been completely rebuilt during 1963: *right* Beeston and *below right*, Richmond.



Above: Pedestrian precincts are becoming important new shopping centres in many places. A new branch in the precinct at Coalville, Leicestershire, was opened during 1963.





One of the 24 multi-purpose reaction vessels installed in the new chemical production unit at Island Street, Nottingham.



BOOTS PURE DRUG COMPANY LIMITED